



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF THE CHIEF COUNSEL

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Dear _____ :

Thank you for your letter dated September 29, 2020. You asked that we update Revenue Procedure 2018-09 and to allow taxpayers who were victims of hurricanes in 2020 to use the Cost Indexes Safe Harbor Method.

We are aware that taxpayers often have difficulty determining the amount of their casualty losses under the methods provided in Section 1.165-7(a)(2) of the Income Tax Regulations.

In December 2017, we issued Revenue Procedure 2018-08 and Revenue Procedure 2018-09, to assist taxpayers by providing safe harbor methods that individuals may use to determine the amount of their casualty losses.

Revenue Procedure 2018-09 provides the Cost Indexes Safe Harbor Method for taxpayers in the particular geographic regions that were affected by Hurricanes Harvey, Irma, and Maria. However, Revenue Procedure 2018-08 provides certain safe harbor methods that taxpayers who experience losses from other federally declared disasters can use.

Therefore, taxpayers affected by a 2020 hurricane that is a federally declared disaster, can use the following Revenue Procedure 2018-08 methods to determine the amount of their losses for personal-use residential real property:

- The Estimated Repair Cost Safe Harbor Method,
- The De Minimis Safe Harbor Method,
- The Insurance Safe Harbor Method,
- The Contractor Safe Harbor Method, and

- The Disaster Loan Appraisal Safe Harbor Method.

Similarly, taxpayers affected by hurricanes in 2020 that were federally declared disasters are eligible to use the following Revenue Procedure 2018-08 methods to determine the amount of their casualty losses for personal belongings:

- The De Minimis Safe Harbor Method, and
- The Replacement Cost Safe Harbor Method.

I hope this information is helpful. If you have any questions, please feel free to contact me, or a member of your staff may contact _____ at _____ .

Sincerely,

Norma C. Rotunno
Branch Chief, Branch 1
Office of Associate Chief Counsel
(Income Tax & Accounting)